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Monthly Statistical Report

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JUNE 1984

ESTIMATED U.S. PETROLEUM BALANCE

SUMMARY

June total domestic product deliveries were 551 MBD (3.6%) ahead of year-ago levels. While this is a somewhat lower rate of advance than during the prior two months, it helped to maintain the strong pace of the demand recovery that has been underway for the past several months. For the second quarter as a whole, total domestic product supplied levels rose 5.3% over the corresponding 1983 quarter, within the same general range of year-to-year increases as the prior quarter when adjusted for the effects of unusually harsh winter weather.

Significant increases were experienced in deliveries of light products and "other oils." Increased demand during the past several months was mainly the result of relatively stable product prices and the sustained strength of the economic recovery.

Crude oil production continued to remain relatively constant. Imports rose almost 13% during the second quarter. Inventories have shown no significant changes in recent months despite heightened Middle East tension. During June, in fact, they actually fell some 13 million barrels on a seasonally-adjusted basis.

Drilling activities continued to show mixed results. Seasonally adjusted, active rigs, after dipping in the spring, are currently at roughly the same level as at the beginning of the year. Year-to-year changes in the number of wells reported drilled have not shown a decisive trend, rising in February and March and falling in the succeding two months. For that four-month period, reports showed a roughly 1% overall drop when compared with the corresponding 1983 period. June data are not yet available.

PRODUCTS SUPPLIED[1/]

Gasoline

DELIVERIES UP. PRICES CONTINUE TO FALL.

Gasoline supplied levels rose only 1.1% in June but were about 212 MBD (3.2%) higher than last year for the second quarter. Increased consumption this year is largely the result of the continuing downdrift of gasoline prices and a substantial increase in real disposable personal income (up more than 7% in April 1984 from April 1983 levels). In addition, last year's second quarter deliveries were reduced by tax-related anticipatory buying in March.

Gasoline pump prices fell another cent in June. This is a counter-seasonal development, as prices have risen in June from May levels in almost every year over the past decade. Adjusted for inflation, they are now about 7% below June 1983 levels.

The downdrift in gasoline prices has seen inflation-adjusted prices fall about 38¢ (in 1984 dollars), or almost 24%, since their highs in early 1981. Combined with continuing improvements in engine fuel efficiency, the drop in gasoline prices has resulted in lowering the fuel cost component of operating an automobile to the point where current cost per mile is about the same, adjusted for inflation, as the 1967 cost on a total fleet basis (costs are an estimated 20% below the 1967 level, when efficiency of new cars only is used in the computation).

Unleaded gasoline's market share, almost 59% in June, was more than four percentage points ahead of last year, slightly greater than the year-to-year advances that have been experienced recently. Car sales for 6 months of 1984 (total domestic and imports) were up about 20% over last year's level, though June's rise was at only a quarter that rate.

Distillates

UP 11% IN 2ND QTR. ON STRONG DIESEL DEMAND.

Though slowing to a roughly 6% rise in June, distillates were supplied at a 278 MBD (11.0%) higher level in the second quarter than in the corresponding 1983 quarter. The major portion of the increase is the result of continued strength in virtually all sectors of the diesel market. The table below lists our estimates of distillate deliveries during the first 6 months of the year by consuming sector. Truck and railroad traffic have been averaging year-to-year advances at mid-teen percentage rates for a number of months. The construction and farm use sectors have also been strong, and data indicate that inland water traffic may have been up substantially.

	(MBD)		
	1st Half 1983	1st Half 1984	% Change
Residential and Commercial	721	788	9.3
Farm	193	205	6.2
Industrial	203	216	6.4
Oil Company	71	78	9.9
Utilities	27	31	14.8
Railroad	256	298	16.4
Bunkers	93	97	4.3
On-Highway	973	1126	15.7
Military	44	46	4.5
Off-Highway	101	117	15.8
Total	2,682	3,002	11.9

Note: Table shows estimated year-to-year consumption changes only in all sectors except Residential/Commercial, which also includes changes in total secondary and tertiary distillate inventories.

Residual Fuel Oil

DELIVERIES SLIGHTLY BELOW LAST YEAR IN SECOND QTR.

Residual fuel oil deliveries increased about 97 MBD (7.3%) during June. For the second quarter, deliveries are about 2% below 1983's second quarter, though, largely because of substantial inventory replenishments in January, residual fuel oil deliveries for the year to date exceeded first half 1983 levels by 63 MBD (4.3%).

Despite some early-year indications of a recovery in worldwide shipping activity, deliveries of bunker fuel still showed a small decrease, perhaps about 30 MBD, during the first four months of the year and are believed to be still running similar-size deficits.

Purchases by electric utilities were up about 170 MBD during the first two months of 1984 versus the corresponding 1983 period, partly because weather-related, high electricity demand required readily-available incremental fuel supplies. But the more recent trend has been downward. Year-to-year deficits were experienced in March and April, as utility fuel oil inventories were permitted to fall. The latest available data for energy input to electric utilities show coal's first quarter share up substantially from 1983 levels, while residual fuel oil continued to lose market position. Natural gas' increase in volume was insufficient to maintain its market share.

In general, the changing fuel mix of electric utilities represents a continuation of the trend prevailing during the past five years which has seen coal's first quarter share increase by nine percentage points, from 45% to 54%, while natural gas' and petroleum's market shares fell two and eleven percentage points, respectively. It is interesting that these basic trends have continued despite the unusually large - roughly 8% - increase in electricity production so far this year over the corresponding 1983 period. A year-to-year increase in electricity production that large has not occurred in more than a decade.

"Industrial and other" residual fuel oil demand, which extended its substantial several-year demand decline into the summer of 1983, subsequently regained some lost volume. Because of a gradually growing disparity in relative price levels, however, demand did not substantially exceed early 1983 levels, seemingly failing to gain proportionately from the strong economic recovery. The added energy demand arising from increased industrial production (up about 14% so far this year over first half 1983 levels) instead benefited alternate fuels, especially natural gas, which has been experiencing substantial volume gains in the industrial sector (up 27% in first 3 months 1984 - latest available data - over the corresponding 1983 period). As Exhibit I shows, prices for natural gas have, over much of the past year, exhibited stable to downward trends. Residual fuel oil prices, on the other hand, have been averaging some 15% higher than last year. This strength results from a combination of reasons. Refinery upgrading has gradually shifted output from residual fuel to higher-priced lighter products. Demand for asphalt, a product competing for roughly the same portion of the barrel as residual fuel oil, has risen substantially as a result of increased road construction and repair. Concurrently, prices of heavier crudes have risen in relation to lighter grades on expanding world spot markets, as lighter crudes were more seriously affected by price erosion.

Kerosene Jet Fuel

DELIVERIES AND MILES FLOWN BOTH INCREASED.

Kerosene jet fuel rose 94 MBD (11.3%) in the second quarter. This is a much smaller rate of increase than occurred in the first quarter, when significant replenishment of end-user storage took place. The current rate of increase appears gradually to be falling in line with increases in miles flown, which have been averaging roughly 11% year-to-year during the first four months of 1984 and likely showed continued year-to-year increases in May and June with overall air traffic remaining high. Further substantial gains in fuel savings, in magnitudes such as resulted from the many operational changes during the early 80's, are no longer being achieved and efficiency levels have consequently been stabilizing.

Other Oils

UP ABOUT 9% IN 2ND QTR. AS CHEMICAL RECOVERY CONTINUES.

Deliveries of "other oils" rose about 295 MBD (8.9%) during the second quarter and have increased almost 10% for the year to date. A good part of this increase is directly related to recovery in the chemical industry, which has responded with high production levels to strong increases in demand in most sectors. In addition, last April's increase in motor fuel taxes at the federal level and substantial tax hikes at the state and local levels have helped to spur road building and maintenance expenditures with resultant increases in road oil demand.

Exhibits II-A through II-D trace the deseasonalized demand trend of major products over the past 2-1/2 years.

(In millions of B/D)	JUNE ESTIMATES			YEAR-TO-DATE ESTIMATES		
	1984	1983	% Change	1984	1983	% Change
—Total domestic products supplied	15.8	15.3	3.6	15.8	14.9	6.1
—Motor gasoline supplied	7.1	7.0	1.1	6.6	6.5	1.9
—Distillate fuel oil supplied	2.7	2.5	6.1	3.0	2.7	11.9
—Residual fuel oil supplied	1.4	1.3	7.3	1.5	1.5	4.3

PETROLEUM SUPPLY[1/]

Total supply rose 999 MBD (6.3%) during the second quarter as a result of a 612 MBD increase in imports and a 387 MBD rise in total domestic supply.

Production

REMAINS RELATIVELY CONSTANT.

Crude production rose only minimally in June and for the second quarter as a whole, continuing the pattern of relatively constant production levels that have existed since early 1983. Increases in Alaskan production have been more or less offset by declines in lower 48 prodution. Lower 48 output since complete decontrol in early 1981, however, compares favorably with the experience of most of the seventies, because substantial new additions have offset natural field declines. As a result, current production levels, as Exhibit III shows, are roughly 1.4 MM barrels per day above levels that could have been expected, had decline rates of the price-controlled seventies continued.

Imports

UP 13% IN 2ND QTR.

Though there was some slowdown in imports in June, the second quarter as a whole experienced a 12.7% increase over last year's second quarter. Both crude and product imports contributed to the increase. Product imports constituted about 36% of total imports, with distillate imports continuing to run at almost twice last year's rate.

With both crude production and inventory levels relatively stable, the increase in domestic petroleum demand has had to be satisfied largely by imports.

Except for an increase of imports from Saudi Arabia, sources of imports have not changed drastically compared with year-earlier patterns. Exhibit IV compares import levels for leading importers for the first four months of 1984 and 1983 (full year 1983 data are also shown, as early 1983 imports were abnormally low because of a general hesitancy to make purchases in an uncertain price environment). Mexico continued to rank first, while Saudi Arabia moved from eighth to fourth place.

Reflecting the rise in imports and downdrift in export levels, the country's net imports dependency continued to rise, reaching more than 30% in the second quarter, a roughly 3 point advance over this time last year.

Inventories

REMAINING STABLE.

Inventories rose only 4 million barrels in June, about a quarter of the normal seasonal increase. Thus, despite increased military activity in the Persian Gulf, there has been no significant change in inventories over the past few months.

The roughly 22 million barrel increase over last June is essentially the result of higher gasoline inventories, mainly caused by unabsorbed production of gasoline as refinery runs were increased in order to replenish distillate inventories.

Refinery Operations

AT 76% UTILIZATION RATE IN 2ND QTR.

Refineries operated at a 77.0% rate in June, in the same range as utilization rates prevailing during the first two months of the quarter. For the 2nd quarter as a whole, at more than 76%, utilization was some 4 percentage points ahead of last year as a result of roughly 225 MBD higher input to distillation units and an approximately 630 MBD drop in operable capacity.

Exploration

RIGS UP 17½% OVER 1983; REPORTED WELLS CLOSE TO LAST YEAR'S LEVEL.

Rigs rose 17.5% over last year's level in the second quarter but, seasonally adjusted, were at about the same level as in the first quarter. The number of wells reported drilled during February through May was about 1.3% less than last year (period was chosen because a consistent number of weeks are available for comparison).

There has been only a minor increase in seismic activity. Though up some 6% over last year, part of the increase is related to a recent addition to surveyed population.

(In millions of B/D)	JUNE ESTIMATES			YEAR-TO-DATE ESTIMATES		
	1984	1983	% Change	1984	1983	% Change
—Total supply	16.7	16.3	2.5	16.6	15.3	9.1
—Crude production[2/]	8.7	8.7	0.3	8.8	8.7	0.6
—Crude oil imports[3/4/]	3.5	3.4	1.9	3.3	2.7	19.6
—Product imports	2.1	1.7	19.6	2.1	1.6	33.5

1/ Total supply, i.e., production plus imports adjusted for net stock change is equal to total products supplied from primary storage. Total products supplied from primary storage less exports is equal to total domestic products supplied. Information contained in this report is derived from information published in the API Weekly Bulletin and is based on historical analysis of the industry. All data reflect the most current information available to the API and include all previously published revisions.

2/ Includes lease condensate.

3/ Beginning with January 1977, the U.S. Department of Energy began reporting crude oil imports as of the date of importation. Previously, this data, with the exception of Canadian crude imports, was reported as of the date it was received at the refinery. This change may affect both the level of crude oil imports and crude oil stocks. API estimates of these data may, therefore, differ slightly from those of the U.S. Department of Energy.

4/ API data do not include crude oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR (according to the U.S. Department of Energy, the SPR held approximately 414 million barrels as of June 30, 1984).

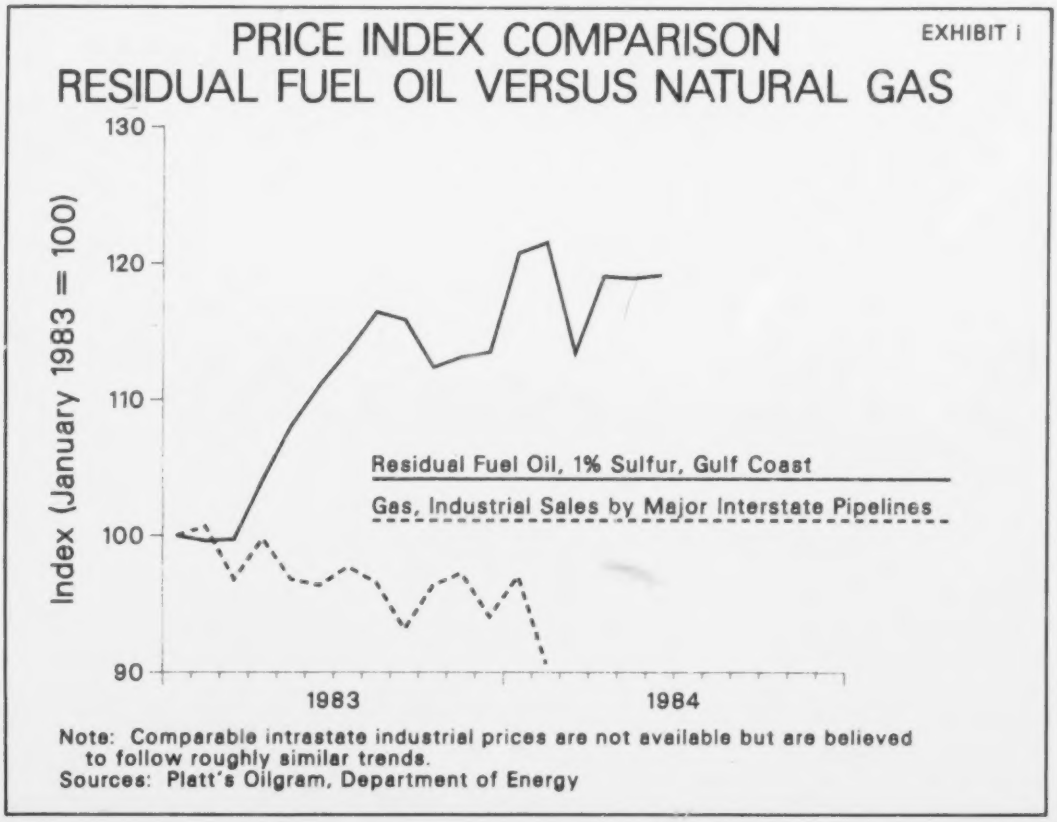


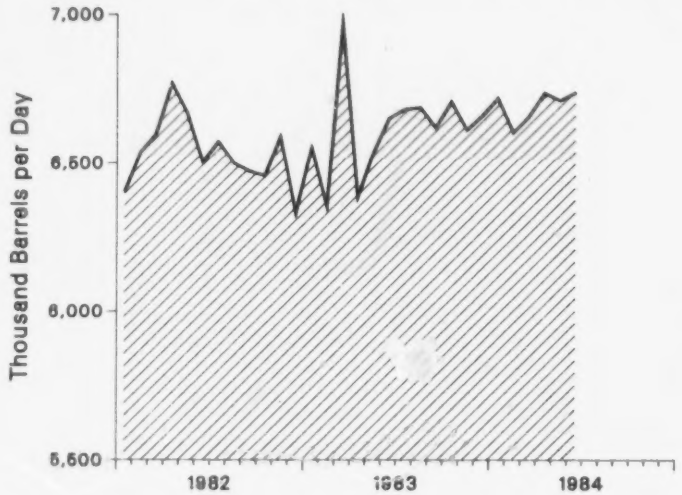
EXHIBIT II-A

SEASONALLY ADJUSTED TOTAL PRODUCT SUPPLIED

Sources: Department of Energy, American Petroleum Institute

EXHIBIT II-B

SEASONALLY ADJUSTED MOTOR GASOLINE SUPPLIED



Sources: Department of Energy, American Petroleum Institute

EXHIBIT II-C

SEASONALLY ADJUSTED, WEATHER ADJUSTED DISTILLATE SUPPLIED

Sources: Department of Energy, American Petroleum Institute

EXHIBIT II-D

SEASONALLY ADJUSTED RESIDUAL FUEL OIL SUPPLIED

Sources: Department of Energy, American Petroleum Institute

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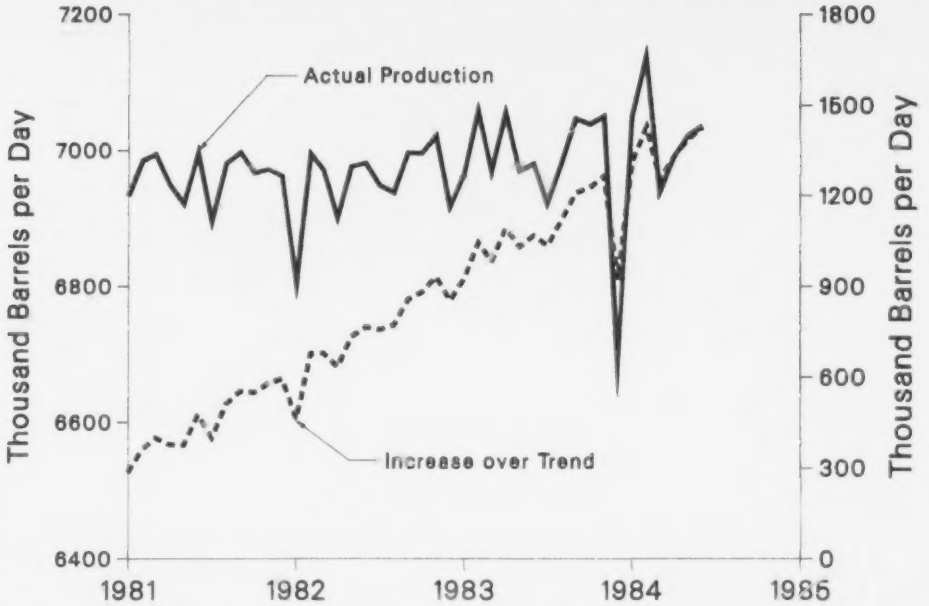
Exhibit III

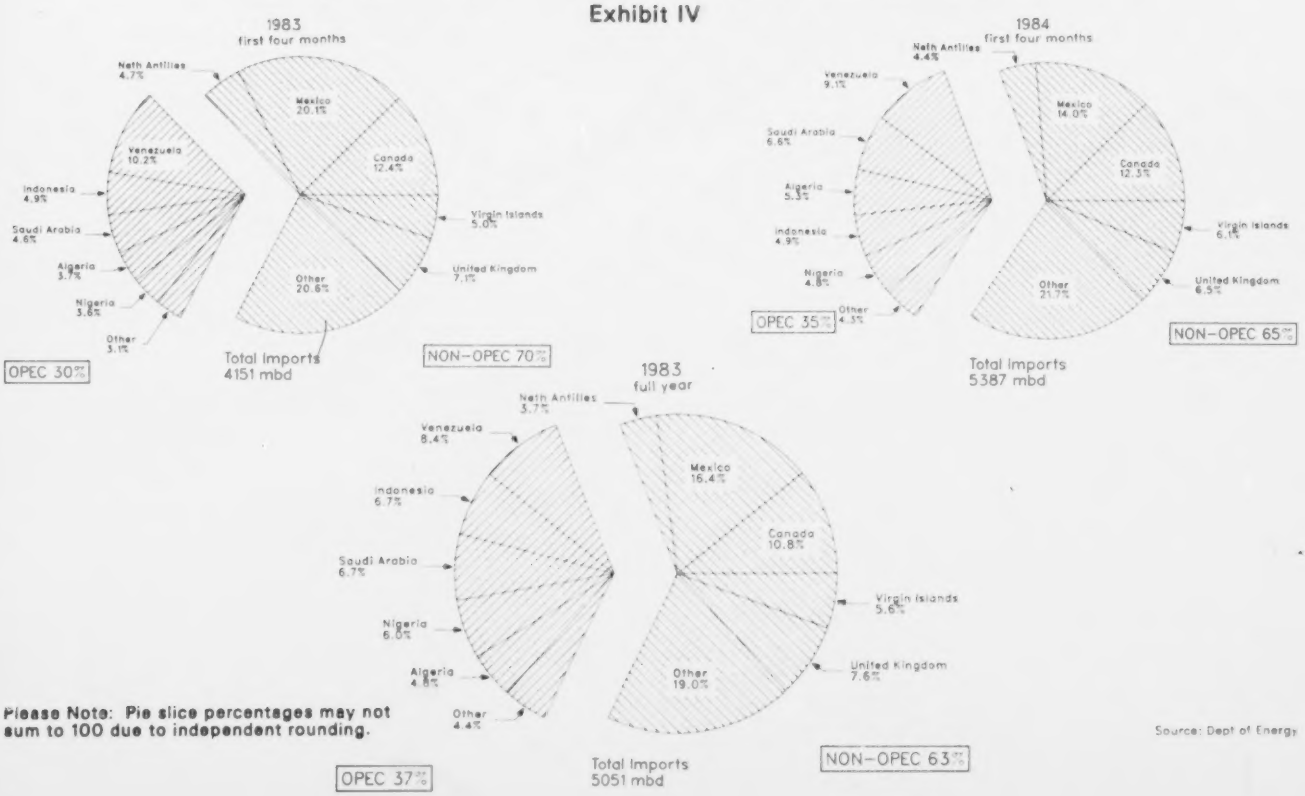
Lower 48 States Crude Oil Production
Actual Production and Increase over 1970's Trend



Sources: Dept. of Energy and API

Imports of Crude Oil and Refined Products by Source--includes SPR imports

Exhibit IV



Please Note: Pie slice percentages may not sum to 100 due to independent rounding.

Source: Dept of Energy

ESTIMATED UNITED STATES PETROLEUM BALANCE

(Daily Average in Thousands of 42 Gallon Barrels)

Products Supplied/Supply From Primary Storage	JUNE			YEAR-TO-DATE		
	1984[1]	1983[2]	% Change	1984[3R]	1983[2]	% Change
Products Supplied:						
Total motor gasoline	7,072	6,994	1.1	6,620	6,497	1.9
Finished leaded motor gasoline*	2,924	3,202	(8.7)	2,789	2,979	(6.4)
Finished unleaded motor gasoline*	4,148	3,792	9.4	3,831	3,518	8.9
Naphtha-jet	212	208	1.9	210	212	(0.9)
Kerosine-jet	946	866	9.2	930	810	14.8
Distillate fuel oil	2,678	2,524	6.1	3,002	2,682	11.9
Residual fuel oil	1,420	1,323	7.3	1,532	1,469	4.3
All other oils[4]	3,709	3,463	7.1	3,734	3,403	9.7
Reclassified[5]	- 197	- 89	121.3	- 196	- 147	33.3
Total domestic products supplied	15,840	15,289	3.6	15,832	14,926	6.1
Exports	695	774	(10.2)	688	846	(18.7)
Total products supplied	16,535	16,063	2.9	16,520	15,772	4.7
Supply:						
Domestic production:						
Crude oil[6]	8,689	8,667	0.3	8,759	8,704	0.6
Natural gas liquids	1,584	1,523	4.0	1,594	1,536	3.8
Other supply[7]	860	947	(9.2)	934	723	29.2
Total domestic supply	11,133	11,137	-	11,287	10,963	3.0
Imports:						
Crude oil, total	3,450[10/]	3,387[10/]	1.9	3,251[10/]	2,719[10/]	19.6
Canadian	339	286	18.5	367	251	46.2
Other	3,111	3,101	0.3	2,884	2,468	16.9
Products, total	2,091	1,749	19.6	2,097	1,571	33.5
Residual fuel oil	768	677	13.4	799	699	14.3
Other	1,323	1,072	23.4	1,298	872	48.9
Total imports	5,541	5,136	7.9	5,348	4,290	24.7
Total supply	16,674	16,273	2.5	16,635	15,253	9.1
Stock change, all oils	+ 139	+ 210	XXXX	+ 115	- 519	XXXX
Refinery Operations						
Input to crude oil distillation units	12,531	12,609	(0.6)	12,207	11,673	4.6
Operable capacity	16,270	16,838	(3.4)	16,184	16,856	(4.0)
Refinery utilization (%)[8]	77.0%	74.9%	2.8	75.4%	69.3%	8.8
Crude oil runs	12,333	12,284	0.4	12,016	11,365	5.7

Stocks (millions bbls.)	1984		1983[2]	% Change from ...	
	June 30[9]	May 31[9]	June 30	Previous Month	Year Ago
Crude oil 10/	356.1	360.9	350.5	(1.3)	1.6
Unfinished oils	109.0	119.1	110.8	(8.5)	(1.6)
Total motor gasoline**	249.6	252.4r/	222.6	(1.1)	12.1
Finished leaded motor gasoline*	98.1	100.5r/	95.1	(2.4)	3.2
Finished unleaded motor gasoline*	109.4	109.7	87.7	(0.3)	24.7
Naphtha-jet	6.6	6.2	6.9	6.5	(4.3)
Kerosine-jet	34.4	34.4	34.2	-	0.6
Distillate fuel oil	113.6	99.9	113.7	13.7	(0.1)
Residual fuel oil	49.2	47.9	49.9	2.7	(1.4)
All other oils	176.8	170.4r/	184.4	3.8	(4.1)
Total all oils	1,095.3	1,091.2r/	1,073.0	0.4	2.1

1/ Based on API estimated data converted to a monthly basis.
2/ Source: U.S. Department of Energy.
3/ Source: January-April, U.S. Department of Energy, May-June, API.
4/ Includes crude losses.
5/ Beginning with January 1981, U.S. Department of Energy began using a new data collection system which encompasses a method to ascertain the amount of product reclassified during the production phase. So that there will be no double counting of these volumes, they are subtracted from total domestic products supplied.
6/ Includes lease condensate.
7/ Includes Unaccounted-for crude oil, Refinery input of other hydrocarbons, and Processing gain.
8/ Represents "Input to crude oil distillation units" as a percent of "Operable capacity."
9/ Derived by interpolating API weekly stocks data.
10/ Data do not include oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR.
R/ Revised.
* Included in motor gasoline.
** Includes finished leaded, finished unleaded, and motor gasoline blending components stocks.

ESTIMATED UNITED STATES PETROLEUM BALANCE

(Daily Average in Thousands of 42 Gallon Barrels)

Products Supplied/Supply From Primary Storage	2nd QUARTER		
	1984[1]	1983[2]	% Change
Products Supplied:			
Total motor gasoline	6,899	6,687	3.2
Finished leaded motor gasoline*	2,883	3,074	(6.2)
Finished unleaded motor gasoline*	4,016	3,613	11.2
Naphtha-jet	221	209	5.7
Kerosine-jet	923	829	11.3
Distillate fuel oil	2,801	2,523	11.0
Residual fuel oil	1,322	1,346	(1.8)
All other oils[3]	3,624	3,329	8.9
Reclassified[4]	- 185	- 97	90.7
Total domestic products supplied	15,605	14,826	5.3
Exports	709	811	(12.6)
Total products supplied	16,314	15,637	4.3
Supply:			
Domestic production:			
Crude oil[5]	8,719	8,691	0.3
Natural gas liquids	1,587	1,507	5.3
Other supply[6]	1,044	765	36.5
Total domestic supply	11,350	10,963	3.5
Imports:			
Crude oil, total	3,497[9/]	3,123[9/]	12.0
Canadian	407	252	61.5
Other	3,090	2,871	7.6
Products, total	1,934	1,696	14.0
Residual fuel oil	668	723	(7.6)
Other	1,266	973	30.1
Total imports	5,431	4,819	12.7
Total supply	16,781	15,782	6.3
Stock change, all oils	+ 467	+ 145	XXXX
Refinery Operations			
Input to crude oil distillation units	12,364	12,139	1.9
Operable capacity	16,219	16,850	(3.7)
Refinery utilization (%)[7]	76.2%	72.0%	5.8
Crude oil runs	12,166	11,839	2.8

Stocks (millions bbls.)	2nd QUARTER		
	1984[8]	1983[2]	% Change
Crude oil	356.1[9/]	350.5[9/]	1.6
Unfinished oils	109.0	110.8	(1.6)
Total motor gasoline**	249.6	222.6	12.1
Finished leaded motor gasoline*	98.1	95.1	3.2
Finished unleaded motor gasoline*	109.4	87.7	24.7
Naphtha-jet	6.6	6.9	(4.3)
Kerosine-jet	34.4	34.2	0.6
Distillate fuel oil	113.6	113.7	(0.1)
Residual fuel oil	49.2	49.9	(1.4)
All other oils	176.8	184.4	(4.1)
Total all oils	1,095.3	1,073.0	2.1

1/ Source: U.S. Department of Energy, April; May-June, API.
2/ Source: U.S. Department of Energy.
3/ Includes crude losses.
4/ Beginning with January 1981, U.S. Department of Energy began using a new data collection system which encompasses a method to ascertain the amount of product reclassified during the production phase. So that there will be no double counting of these volumes, they are subtracted from total domestic products supplied.
5/ Includes lease condensate.
6/ Includes Unaccounted-for crude oil, Refinery input of other hydrocarbons, and Processing gain.
7/ Represents "Input to crude oil distillation units" as a percent of "Operable capacity."
8/ Derived by interpolating API weekly stocks data.
9/ Data do not include oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR.
* Included in motor gasoline.
** Includes finished leaded, finished unleaded, and motor gasoline blending components stocks.